

CITY OF SAN ANTONIO ADOPTED ANNUAL BUDGET

FISCAL YEAR 2004 - 2005

OCTOBER 1, 2004 - SEPTEMBER 30, 2005

CITY COUNCIL

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RON H. SEGOVIA
RICHARD PEREZ
PATTI RADLE

ENRIQUE M. BARRERA
JULIAN CASTRO
ART A. HALL
CARROLL SCHUBERT
CHRISTOPHER HAASS

CITY MANAGER

TERRY M. BRECHTEL

**PREPARED BY:
OFFICE OF MANAGEMENT AND BUDGET**

PETER HILL ZANONI, MANAGEMENT & BUDGET DIRECTOR

POUY J. ANGULO
EDWARD BELMARES
MARC CASTRO
JESSICA CORTEZ
JOANNE COWAN
VERONICA DAVALOS-ALBRECHT

SHANNON ELROD
GENEVIEVE GOMEZ
NATALIE A. JACKSON
TISHA MORA
PATRICIA MUZQUIZ
SARAH NAJMI

ROBERT PEREZ
LAURA RAFFANIELLO
NIKKI M. RAMOS
DELFINA TOVAR
NICOLE VASQUEZ

ABOUT THE COVER

This year's Budget Document cover depicts a picture of an "enjoyable day within an ideal setting" as seen through the eyes of one of the City's Parks & Recreation Kid Quest participants. Paul Garcia who is in the 12 to 14 years-old age category at a Kid Quest site in the San Antonio Independent School District captured this colorful scene depicting children at play in HemisFair Park. (HemisFair Park is located in downtown San Antonio and was developed on the site of the 1968 World's Fair.) The artwork is a combination of several media including watercolor, tempera and colored pencils. The scene captures the detail of large shade trees, children in motion, whale-shaped clouds, and depicts depth in scope.

The Parks & Recreation Department's Kid Quest program is an eight-week summer program that offers educational, recreational, and cultural opportunities to approximately 4,000 youth ages six to fourteen at 38 locations each year. Kid Quest features arts and crafts, nature activities, science, fine arts and sports.

Paul Garcia's artwork was created after the City's Office of Management & Budget challenged Kid Quest participants to depict their vision of an ideal neighborhood and/or what the City of San Antonio means to them. Several hundred works of art were created during the art enrichment component of Kid Quest and 17 were chosen for final selection by Kid Quest art instructors. A selection committee chose Paul Garcia's work for this year's Budget Cover.

CITY OF SAN ANTONIO

MISSION STATEMENT

WE DELIVER QUALITY CITY SERVICES AND COMMIT TO ACHIEVE
SAN ANTONIO'S VISION OF PROSPERITY FOR OUR DIVERSE,
VIBRANT AND HISTORIC COMMUNITY.

GOALS

- ♦ San Antonio will be a safe and clean community.
- ♦ San Antonio will be a city that maximizes its citizens' well-being and human potential while capitalizing on its cultural diversity.
- ♦ San Antonio will be a city with a vibrant and diverse economy, which will create better jobs with higher incomes while leveraging its historic and physical diversity to assure a sustainable and attractive community.
- ♦ San Antonio neighborhoods will prosper through the community's long-term reinvestment and revitalization.
- ♦ San Antonio will promote its unique resources to become the premier visitor and convention destination.
- ♦ San Antonio will benefit from a city government, which is innovative and proactive and utilizes best practices in its administrative, financial and information systems.
- ♦ San Antonio will provide the institutional foundation to support government and promote public trust and awareness.



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**City of San Antonio
Texas**

For the Fiscal Year Beginning

October 1, 2003

President

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to **City of San Antonio, Texas** for its annual budget for the fiscal year beginning **October 1, 2003**. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

This award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

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User's Guide to the Budget Document

OVERVIEW

This section is designed to assist the reader in the use and comprehension of the City of San Antonio's Adopted Budget Document. The Annual Budget serves as a policy document, a financial plan, an operations guide and a communications device. It is utilized by Citizens, City Council, and City Staff to monitor revenues and expenditures relating to the delivery of City services. The Budget Document is also used to evaluate the effectiveness of City programs and services while providing extensive information on municipal operations.

BUDGET TABS

The budget is arranged in seven sections that are separated by the following respective tabs. Below is a brief description of the materials found in each of the sections.

- ◆ User's Guide
- ◆ Budget Summary
- ◆ Program Changes
- ◆ Fund Schedules
- ◆ Capital Improvement Plan
- ◆ Department Service Plans
- ◆ Appendix

User's Guide - This section is intended to provide the reader a summary of what is contained in the budget document. An additional goal of this section is to educate the user on the City of San Antonio's financial structure.

Budget Summary - This section contains the City Manager's transmittal letter and executive summary. The executive summary describes the policies affecting the budget, and presents a summary of the revenues the City will collect, the funds the City will spend, and program changes that have been proposed for service delivery.

Program Changes - This section contains a brief explanation of the three major General Fund revenue sources (Sales Tax, Property Tax, and City Public Service) and new and/or enhanced revenues proposed for the General Fund and other Funds for the FY 2004-2005 Budget. This section also includes a listing of program changes sorted by Improvements, Mandates and Reductions. An explanation of the Adopted personnel compensation package is also included.

Fund Schedules - This section is organized by fund and contains a schedule of revenues and appropriations for each City fund. First is the FY 2004-2005 All Funds Budget Summary schedules. Following is personnel information which details the number of positions authorized for each fund. Following those schedules are detailed Fund Schedules arranged by fund type. They are arranged by Tax Supported Funds, Special Revenue Funds, Enterprise Funds, Expendable Trust Funds and Internal Service Funds. Finally, a summary schedule of categorical grants is listed.

Capital Improvement Plan - This section consists of the Debt Management Plan and Debt Service Funds. This section details the types of debt issued by the City which includes General Obligation Bonds, Certificates of Obligation, and Revenue Bonds.

Department Service Plans - This section is organized by department and provides the reader a better understanding of the kind of services provided by each department and the sources of funding that support these services. Individual department summaries contain an explanation of the particular functions of each department, their funding levels, personnel, performance measures, and descriptions of program changes. For further explanation on this section, see the Departmental Appropriations Overview found immediately following the Departmental Appropriations tab.

Appendix - This section is designed to assist the user in locating information within the document or in obtaining additional information. It contains Statistical Data, a Glossary and Performance Measure Definitions.

BUDGET AMENDMENTS

At any time during the fiscal year, upon written recommendation of the City Manager, the City Council may transfer any unencumbered appropriation balance or any portion within a department office or agency to another. The City, by Charter, shall not exceed the total appropriation available for the fiscal year. If this is the case, the City Manager shall reconsider the work programs and revise them to prevent the making of expenditures in excess of the said income and fund balance.

The City Charter also gives the City Manager the authority to transfer appropriations within funds. Currently, to transfer funds within a department, the requesting department must complete a budget adjustment form, which details where the funds are being transferred "from" and "to" and provides an explanation for the adjustment. Once completed, the Budget Adjustment must be approved by the Department Director and then submitted to Budget, Finance and the City Manager's Office for approval before it can be enacted. Once the SAP system is implemented (in FY 2005), the process will change to allow for greater flexibility for departments to manage their budgets. A Department will be able to adjust their budget, without outside approval, within certain parameters (i.e. a departmental budget adjustment cannot cross funds, cross departments, adjust scheduled line items, move capital dollars into operating budget). The system will not allow the restricted transactions to take place. Those budget adjustments that do not fit within the approved parameters will be forwarded electronically to Budget and Finance for approval.

The budget may also be amended by submitting an ordinance to the City Council for approval. The ordinance must include substantiated analyzed reasoning for the amendment.

BUDGET BASIS

The budgets of the General Fund, Special Revenue Funds, Debt Service Funds and Trust & Agency Funds are prepared and accounted for on the modified accrual basis. Briefly, this means that revenues are recognized in the accounting period in which they become available and measurable. Expenditures are recognized in the accounting period in which the fund liability is incurred. In contrast, the Budget of the Enterprise Funds and Internal Service Funds are prepared and accounted for using the full accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

BUDGET CONTROLS

Budgetary compliance is a significant tool for managing and controlling governmental activities, as well as ensuring conformance with the City's budgetary limits and specifications. The objective of budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by City Council. Levels of budgetary controls, that is the levels at which expenditures cannot legally exceed appropriated amounts, are established by function and activity within individual funds. The City utilizes an encumbrance system of accounting as one mechanism to accomplish effective budgetary controls. Encumbered amounts lapse at year-end, however, encumbrances generally are appropriated as part of the following year's budget. For the fiscal year beginning October 1, 2001, the Government Finance Officers Association of the United States and Canada ("GFOA") presented an award of Distinguished Budget Presentation to the City.

ACCOUNTING BASIS

The Comprehensive Annual Financial Report (CAFR) shows the status of the City's finances on a basis of generally accepted accounting principles (GAAP). In most cases this conforms to the way the City prepares its budget.

All governmental funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. This means that only current assets and current liabilities are generally included on their balance sheets. Revenues are recognized in the accounting period in which they become available and measurable. Expenditures are recognized in the accounting period in which the fund liability is incurred. However, compensated absences, debt service expenditures, claims and judgments and arbitrage are recorded only when the liability is matured.

Proprietary, Pension Trust, Private Purpose Trust, and Retiree Health Care Funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses and related liabilities, including claims, judgments, and compensated absences, are recognized when they are incurred. These funds are accounted for on a cost of services or “economic resources” measurement focus. Consequently, all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. The reported Proprietary Fund net assets is segregated into three components: 1) invested in capital assets, net of related debt, 2) restricted net assets and 3) unrestricted net assets. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net assets.

FUND TYPES

General Fund - The General Fund of the City accounts for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts and major capital projects) that are legally restricted to expenditures for specified purposes.

Enterprise Funds - Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis should be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Expendable Trust Funds - Trust and Agency Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds.

Internal Services Funds - Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governmental units, on a cost-reimbursement basis. The City's self-insurance programs, data processing programs, and other internal service programs are accounted for in this fund type.

Debt Service Funds - Debt Service Funds are used to account of the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

REVENUE ESTIMATES

The Revenue Budget is based on certain revenue estimate projections. Revenue projections are made primarily based on historical trends coupled with projected inflation, personal income and growth in the local area. Tourist-related factors and major attractions are also considered. Since one method of projecting revenue sources is not feasible, each source is considered on its own merit and projected accordingly.

DELEGATE AND ARTS & CULTURAL AGENCIES

The City of San Antonio General Fund Delegate Agencies support strategies that facilitate and promote long-term workforce development through early childhood education and family strengthening, school completion, job training and adult literacy. The City also provides contributions to Art & Cultural Agencies with emphasis on Art & Cultural Programs, Cultural Facilities, Public Art, Special Events, Year Round Arts & Cultural Programs and other art related services through the Community and Visitor Facilities Fund.

CAPITAL BUDGET

The Adopted FY 2005 through FY 2010 Capital Budget details the City's physical infrastructure development and improvement plan. Capital projects in the six year program address general government, public health and safety, recreation and culture, and transportation functions. The first year of the six-year plan is the Adopted FY 2005 Capital Budget. The Capital Budget is published as a separate document.

Operating Flow of Funds

Detail

1. Revenues are paid into funds, such as the General Fund and Enterprise Funds as a result of specific activities. For example.

<u>Fund</u>	<u>Revenues</u>
General	Property Tax, Sales Tax, CPS Proceeds, Licenses & Permits
Enterprise	User Rates, User Fees, Leases, Intergovernmental Contracts

2. Expenditures are made from funds, such as the General Fund and Enterprise Funds, to support activities related to each. For example:

General Fund

- ◆ General Fund Departments - Police, Fire, Public Works, Library.

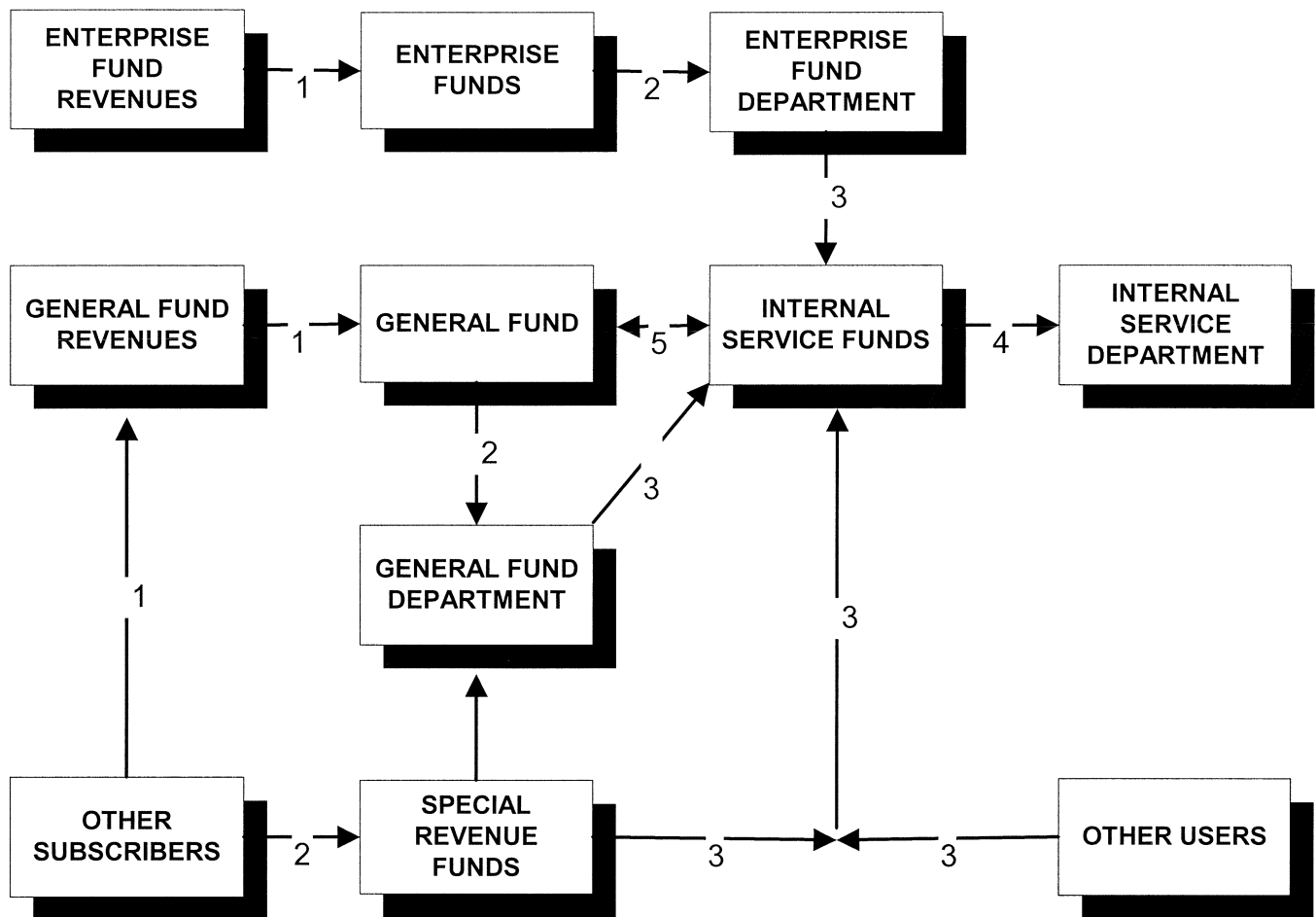
Enterprise Funds

- ◆ Enterprise Fund Departments - Aviation, Environmental Services

3. General Fund, Enterprise Fund, Special Revenue Funds, and other User departments all make payments into Internal Service Funds to support administrative functions which are internal City operations.
4. Internal Service Funds support specific departments. For example; Purchasing and Information Technology Services.
5. Internal Services Funds contribute towards the cost of the General Fund overhead.

Operating Flow of Funds

Exhibit



Debt Service Flow of Funds

Detail

1. The City holds a Bond Sale after one of the following:
 - A. Approval by City Council to issue either Certificates of Obligation or Revenue Bonds.
 - B. Successful completion of a General Obligation Bond Election.
2. The Bonds are purchased and the funds generated from the sale are allocated to Bonds Funds to support specific projects.
3. The Bond Funds distribute moneys to the individual project budgets.
4. Open project accounts channel payments for project work to individual contractors (Scenario X).
5. When a project is completed and the project account closed, unused funds can be directed to the debt service obligation. The project account transfers unused funds to the overall bond fund, which in turn transfers the moneys into the Debt Service Fund (Scenario Y).
6. The Debt Service Fund is also supported by other revenue sources.

Debt Service Flow of Funds

Exhibit

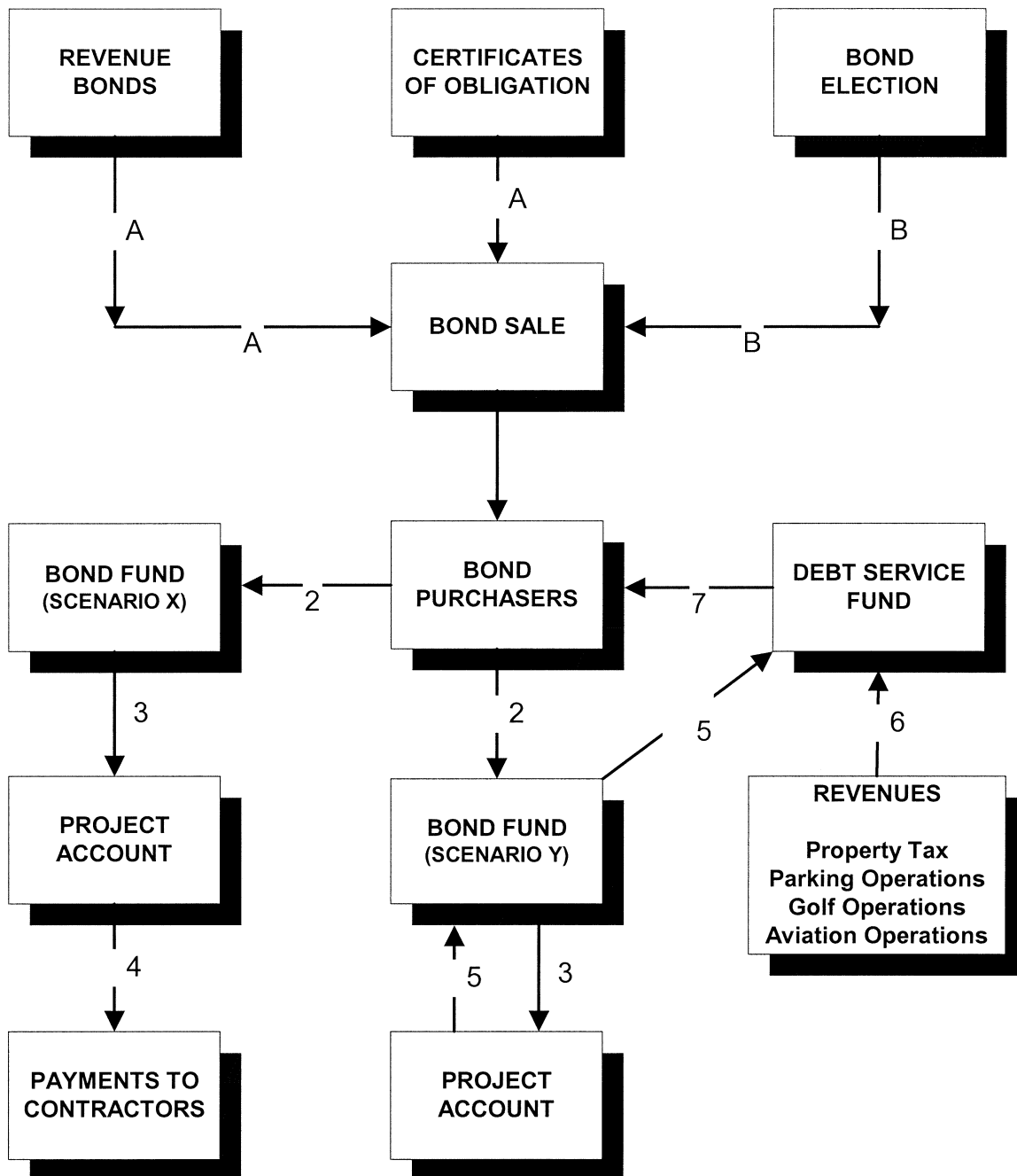
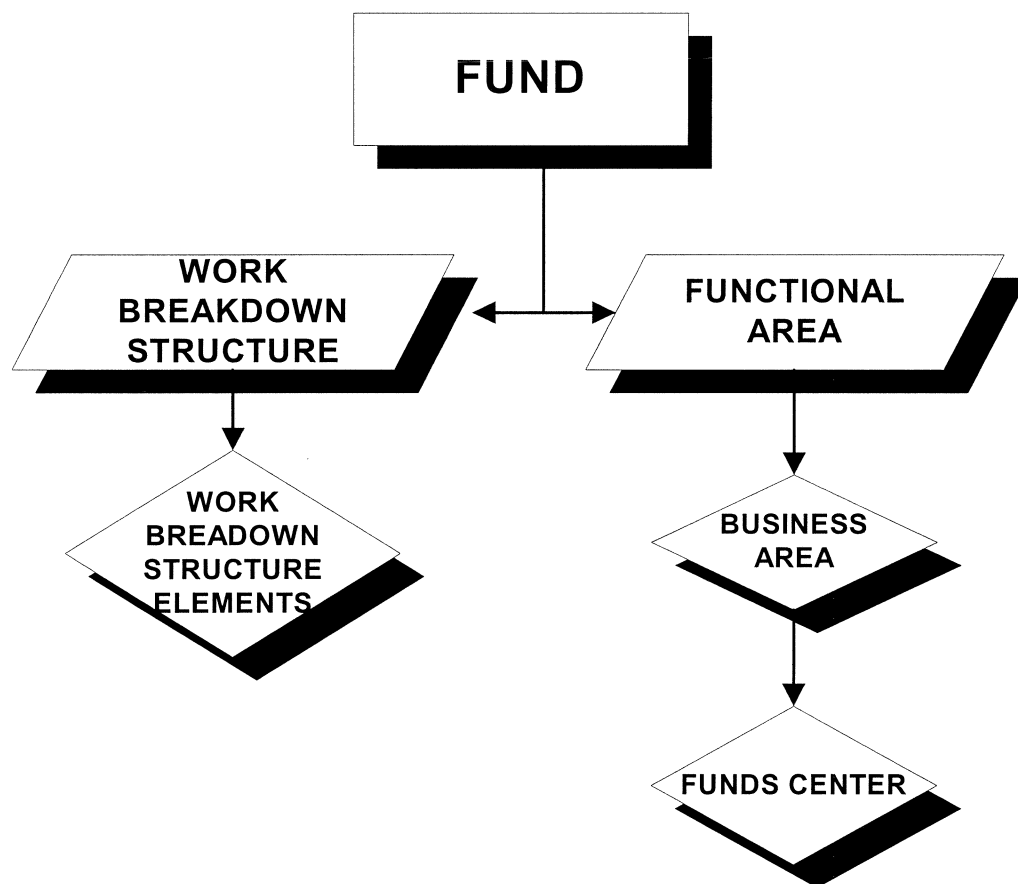


Chart of Accounts

The purpose of structuring a financial system is to organize and identify the sources and use of funds, revenues and expenditures, activities related to each of these, and to allow for the maintenance, retention, and retrieval of this information. In FY 2005, the City's current financial structure will convert to the following SAP-defined financial structure.

The first step in accessing financial information is identifying the FUND (e.g., General Fund, Airport Funds) which contains the desired data. The next step is the Functional Area (i.e. Administrative Management) or the Work Breakdown Structure.

After the Functional Area or the Work Breakdown Structure, access is available to either the Work Breakdown Structure (e.g., Park Facilities Roof Repair Project) or Business Area (e.g., Public Works) level. The department level then provides access to the Funds Center.

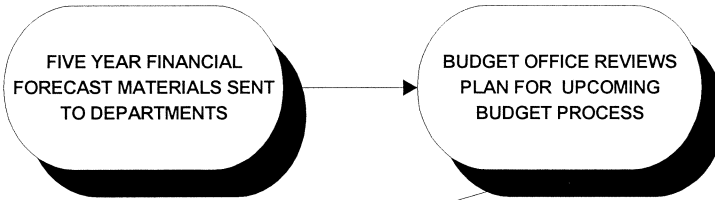


Budget Schedule – Fiscal Year 2004-2005

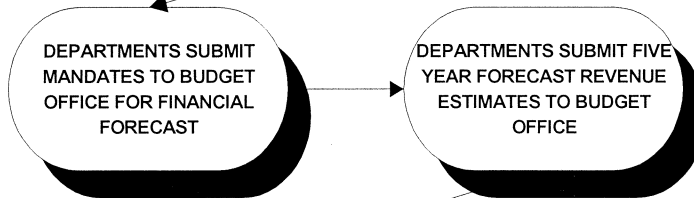
Monday, March 29- Wednesday, March 31	Budget Office provides FY 2005 Budget Process Briefing with Introduction to SAP Budget Prep to City Departments
Friday, April 2	Budget Office receives all updated Departmental Goals & Objectives and Balanced Scorecards with 6 month actuals and Proposed FY 2005 measures
Friday, April 16	Budget Office provides Management Team compiled updated Departmental Goals & Objectives and Balanced Scorecards with summary analysis, information, and highlights
Thursday, May 6	First Budget Open House, 7:30 p.m.
Thursday, May 13	Budget Director presents the Five Year Financial Forecast to the City Council
Friday, May 14	City Council Goals & Objectives Worksession
Thursday, May 20	Second Budget Open House, 7:30 p.m.
Monday June 7- Friday, July 2	Management Team reviews operating and capital budgets with Budget Office and Departments
Monday, July 5- Friday, July 16	Management Team discusses and reviews Proposed FY 2005 Operating and Capital Budget decisions
Thursday, August 5	City Manager presents Proposed Budget to City Council
Tuesday, August 10- Thursday, September 14	City Council Worksessions on Proposed Budget - Tuesdays (evenings): 8/17, 8/24, 9/7, 9/14 - Thursdays (mornings & evenings): 8/12, 8/19, 8/26, 9/2, 9/9
Thursday, August 19	City Council considers Proposed Tax Rate
Tuesday, August 31	City Council First Budget Public Hearing, 7:00 p.m.
Thursday, September 2	City Council Tax Rate Public Hearing, 3:00 p.m.
Thursday, September 16	City Council Second Budget Public Hearing and Consideration of Budget, Tax Rate and Revenues, 3:00 p.m.
Thursday, September 30	City Council considers Closing Ordinance

BUDGET PROCESS

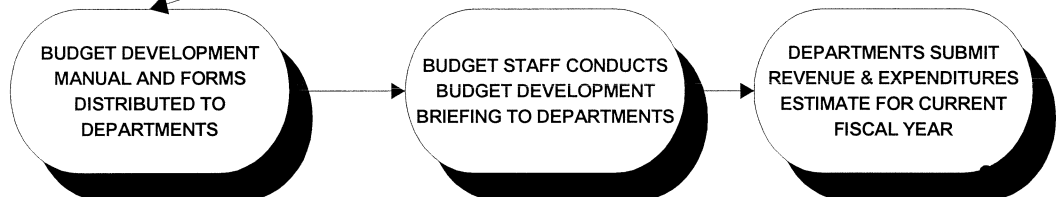
JANUARY



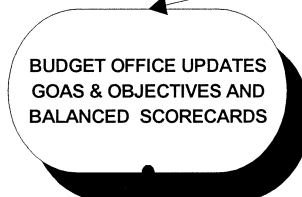
FEBRUARY



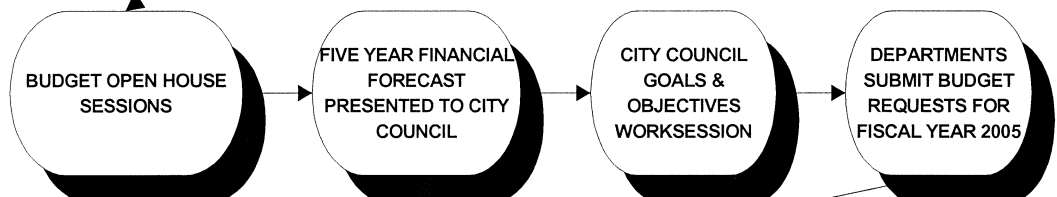
MARCH



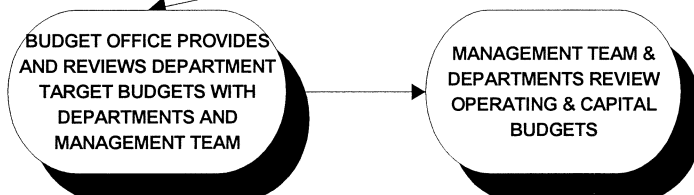
APRIL



MAY



JUNE/JULY

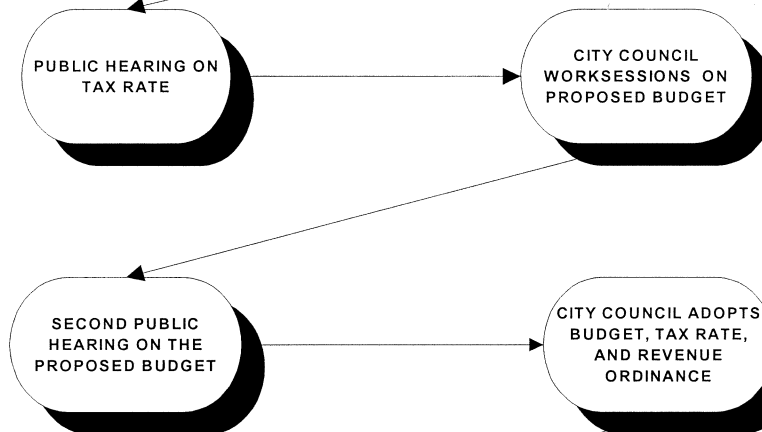


BUDGET PROCESS

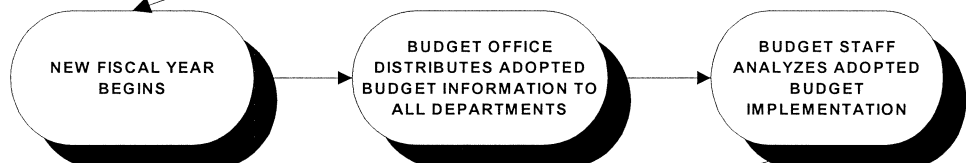
AUGUST



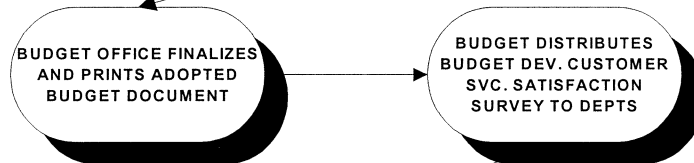
SEPTEMBER



OCTOBER



NOVEMBER



DECEMBER

